

### Third-Party Opinion from David St. Maur Sheil, ASrIA



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#### David St. Maur Sheil

Once again I wish to congratulate Canon for their excellent progress in the development of their sustainability reporting. Canon has continued to refine its reporting format, which includes the Canon Sustainability Report PDF version combined with significant supplementary information on the Canon website. This format works well. The Sustainability Report PDF version is relatively brief, complete and readable and focuses on management statements, management philosophy, six key materiality themes and stakeholder engagement. Annual stakeholder surveys have been used effectively to inform the choice of materiality themes. It is also a positive step to only print the report in electronic format from this year. The supplementary website information provides additional detailed information on three key areas, namely, management systems, environmental management and stakeholder engagement. Canon needs to ensure there are clear links between the report in PDF format and the supplementary material, which contains valuable and detailed material disclosure.

Canon should be congratulated on entering the 4th stage of their "Excellent Global Corporation Plan," which provides a clear and evolving strategic roadmap for Canon. With a focus on

"Speed & Sound Growth," it would be valuable if Canon could provide more concise details in future on the major management indicators, both financial and non-financial, it will rely on to measure its progress in terms of sound growth. It might also be valuable to provide a summary description or chart in the Sustainability Report PDF version, to illustrate the management and governance structure of environmental, social and other non-financial issues within the organisation as detailed in the supplementary material. Furthermore, it is notable that the report provides a range of metrics on environmental impacts, however due to the strong focus on growth, and in light of growing global concerns over resource constraints, it would be valuable if Canon could provide further discussion of any risk assessments it has conducted related to issues such as water and energy security.

The section on materiality themes provides brief but interesting introductions to Canon's key products and services in the context of their social impact, as well as a range of data and insights on environmental impacts, labour relations and community engagement. In particular it was excellent to see more focus this year on labour and community relations outside the developed markets. It will be good to see this focus developed more fully in future reports. At a time when traditional labour markets are also rapidly transforming into consumer markets, it will also be interesting to see more discussion on this theme. Overall the information on stakeholders is valuable and reflects the critical importance of identifying and engaging in an active and systematic manner with key stakeholder groups.

### About the Third-Party Opinions

Canon has received third-party opinions<sup>\*1</sup> from two commentators every year since 2003—Mr. David St. Maur Sheil of the Association for Sustainable and Responsible Investment in Asia (ASrIA) and a prominent expert from the Wuppertal Institute (Dr. Justus von Geibler, from 2008). As a result, the commentators are able to offer opinions from a medium- to long-term perspective on how well this report<sup>\*2</sup> meets their expectations regarding the information included in the report, the quality of performance it conveys, and its usefulness for substantial engagement.

We held dialogue sessions both at the planning stage of this report and at the preparatory stage of third-party opinions to ensure a meaningful exchange of views with the commentators and reflected the commentators' suggestions in the report to the greatest extent possible. (See the table at the

right for details.)

These third-party opinion pages include the main items discussed with the commentators, particularly the items worthy of praise and the key issues to be addressed over the long term. Based on the issues raised by the commentators and opinions from other stakeholders, Canon is stepping up its sustainability activities and striving for more complete information disclosure through this report and other media. For more information on the third-party opinion process and the main points brought up in the dialogues with the commentators, see the Canon website.

<sup>\*1</sup> These third-party comments are the personal views of the authors and not verification of the report contents or data. They do not imply any endorsement from their organizations.

<sup>\*2</sup> Canon Sustainability Report 2011 has been issued in a PDF format and through our website (URL: [canon.com/environment](http://canon.com/environment)).

## Third-Party Opinion from Dr. Justus von Geibler, Wuppertal Institute



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**Dr. Justus von Geibler**

The Great East Japan Earthquake on March 11, 2011 and the tragic events afterwards demonstrate the dependency of humans on nature. They highlight the importance of a careful consideration of potential social and environmental consequences of human action at local, regional and global level. They underline the value of sustainability as a vision and guiding concept helping us to focus our action towards a more harmonised way of living on Earth. In this context, Canon's work based on the overall philosophy of *kyosei* "Living and working together for the common good" including the sustainability reporting efforts, is of great importance.

This report includes some meaningful accomplishments compared to previous reports. In my view, the topics selected are more focused and more relevant. For example, Canon presents the new phase of their medium- to long-term management plan for 2011–2015. The revision of materiality themes is continuously guided by the results of stakeholder surveys and external feedback. The report presents information in a broad context of economic, social and environmental conditions, e.g. Canon's responses to the global recession or the Great East Japan Earthquake, in order to ensure a

thorough understanding of Canon's performance regarding these concerns.

In order to further improve the quality of sustainability reporting, both in general as well as concerning individual parts, I would like to see more interactive approaches in different areas. The stakeholder survey could evolve into greater exchange and dialogue across stakeholder groups for reporting theme selection. More intensive dialogues could create responses to difficult issues, such as the conflict minerals issue or the consideration of environmental effects of accelerated consumption in product development, and provide opportunities to link and contribute to global sustainability standards. The third-party review process might be complemented with an external verification of the report. In general, a stronger integration of globally accepted indicators and standards can be valuable to further advance the indicator- and target-based reporting, especially in the area of social performance.

Canon can build on great achievements from continuous efforts for sustainability and is well prepared to address the themes and objectives of the Excellent Global Corporation Plan and *kyosei* philosophy. Further, the newly established Corporate Social Responsibility Office of Canon Inc. is expected to accelerate this movement. I look forward to this progress in the future.

### Commentator Opinions and Canon's Response in Third-Party Dialogues

Main Suggestions	Main Reflections (New Content in the 2011 Report)	Pages posted in the PDF	Location in the Website
Please provide a description of the process by which you determine the content of the report, including the Stakeholder Survey and what "sustainability" means to Canon. Also, what is Canon's view of the current global situation?	The content is determined based on the stakeholder survey. This process is described again this year on P1, and also under the topic "In Pursuit of Sustainability." The "Message from Top Management" discusses our view of the current global situation.	P1, P3-4, P9-10	
Please include details of the Stakeholder Surveys.	Some information not in the PDF version, such as the survey coverage and number of respondents, is available in our website.		In Pursuit of Sustainability
Please indicate the solutions Canon can offer through new technologies for solving the issues confronting society. Also, please show how Canon cooperates with stakeholders in the R&D process.	We explain how Canon's technologies contribute to solving the issues confronting society under the heading "Materiality Theme 1. Enlivening Communications through Imaging" and "Materiality Theme 2. Creating Imaging Technologies that Will Contribute to Future Society." We refer to cooperation with stakeholders, such as the academic-industrial alliance with Kyoto University.	P11-18	<ul style="list-style-type: none"> <li>• Materiality Theme 1</li> <li>• Materiality Theme 2</li> </ul>
Last year's report contained "Strengthening Corporate Governance and Compliance" as a Materiality Theme, but this year it does not.	Based upon the Stakeholder Survey, of the seven Materiality Themes that is of the least interest to stakeholders. However, while we did not include it as a Materiality Theme in this year's edition, we recognize it as a fundamentally important theme to management. Detailed information about corporate governance and compliance is provided in our website.		<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Compliance</li> </ul>
Please present your biodiversity efforts in regions around the world.	This topic is again presented in our website this year, with expanded coverage of new activities in many regions.		Canon and the Environment
We would like to see information about Canon's responses and policies concerning environmental regulatory trends worldwide, such as the REACH regulations.	These are available in our website, and we will continue to keep it updated.		Canon and the Environment
Please discuss sustainable management including the supply chain.	We recognize this as an important issue. We will refer to conflict minerals from this year's report.	P31	Relations with Our Suppliers